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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

July 13, 2010

CERTIFIED RETURN RECEIPT
7005 0390 0000 7507 4405

Mike Pauletto
I&P Investments, Inc.
11204 Northwest 37th Court
Vancouver, Washington 98685

Subject: Evaluation of Reclamation Surety, I&P Investments, Inc., Green Peak Quarry, M/003/0060, Box Elder County, Utah

Response due: September 13, 2010

Dear Mr. Pauletto:

The last surety estimate for the Green Peak Quarry was completed in May of 2005, and escalated to 2010 dollars. It is now due to be re-evaluated. Since this site has been inactive for the last 5 years (annual reports show the last production was in 2004), the Division used the previous bond calculation worksheet and updated unit costs for each task. The amount was then escalated for the next five-year period at 0.5 percent per year. The surety requirement for this site is now \$117,000.00. The BLM has reviewed the revised calculation and has concurred with the amount.

Please provide the increased surety amount of \$42,300 by September 13, 2010. This may be accomplished by submitting an amendment to the existing letter of credit, or providing a new surety either for the increased or the total amount. Please contact Penny Berry at bondcoordinator@utah.gov or (801) 538-5291 for proper forms to submit the surety. A new reclamation contract will also be needed.

If you have any questions regarding this letter, please don't hesitate to call me at (801) 538-5261 or Lynn Kunzler at (801) 538-5310. Thank you for your cooperation.

Sincerely,

Paul B. Baker
Mining Program Manager

PBB:lk:pb

cc: Mike Nelson, BLM (mike_nelson@blm.gov)

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RECLAMATION SURETY ESTIMATE

Revised July 07, 2010

I&P Investments, Inc. - Green Peak Quarry

DOGM file Number M/003/060

Prepared by Utah State Division of Oil, Gas & Mining

Quantities & acreages furnished by operator.

Screening fines at millsite requires mob/demob of a grizzly

Note: actual unit costs may vary according to site conditions last unit cost update 03/01/10
 -Amount of disturbed area which will receive reclamation treatments = 12.4 acres
 -Estimated total disturbed area for this mine = 12.4 acres

Activity	Quantity	Units	\$/unit	\$	Note
Safety gates, signs, etc (mtls & installation)	1	sum	600	600	1
Debris & equipment removal - trucking	3	trips	73.00	219	2
Debris & equipment removal - dump fees	30	ton	99.00	2970	3
Debris & equipment removal - loading trucks w/FE loader	2	hour	248.00	496	4
Quarry Area					
Regrading/contouring	5	acre	1288.01	6440	5
Haul and replace growth medium	4000	CY	4.24	16960	6
					7
Composted manure (10 ton/acre)	5	acre	350.00	1750	8
Broadcast seeding	5	acre	280.00	1400	9
Road Reclamation					
Remove culvert	30	LF	3.80	114	10
Remove riprap	30	LF	3.80	114	11
Regrade - sidecast material	6000	LF	3.80	22810	11
Composted manure (10 ton/acre)	3	acre	350.00	1050	8
Broadcast seeding	3	acre	280.00	840	9
Waste Rock Area					
Regrade slope	1.7	acre	1288.01	2190	5
Replace growth mdium (dozer)	1370	CY	0.85	1167	12
Rip prior to seeding	1.7	acre	597.62	1016	13
Composted Manure	1.7	acre	350.00	595	8
Broadcast seeding	1.7	acre	280.00	476	9
Growth Medium Pile					
Rip prior to seeding	0.5	acre	597.62	299	13
Composted manure	0.5	acre	350.00	175	8
Broadcast Seeding	0.5	acre	280.00	140	9
Millsite Area					
Screen Fines	1700	CY	6.35	10795	14
Countour wasterock pile	0.5	acre	1288.01	644	5
Rip prior to seeding	2.2	acre	597.62	1315	13
Composted manure	2.2	acre	350.00	770	8
Broadcast seeding	2.2	acre	280.00	616	9
General site cleanup & trash removal	6.2	acre	100.00	620	15
Equipment mobilization	5	equip	3000	15000	16
		Subtotal		91580	
Reclamation supervision -10% of reclamation estimate				9158	
		Subtotal		100738	
10% Contingency				10074	
		Subtotal		110812	
Escalate for 5 years at 0.50% per year				2798	
		Total		113610	
3% Bond Maintainence Fee				3408	
		Total		117018	17
Rounded surety amount in year 2015 dollars				\$117,000	
Average cost per disturbed acre =		\$9,437			

	RECLAMATION SURETY ESTIMATE 07-07-2010 I&P Investments Green Peak Quarry M/003/0060
Notes	
1	DOGM lump sum assumed
2	Means 2010, 02 41 19.23 5100, bldg demo, rubbish handling, \$0.63/CY per mile for >8CY truck; assumed 100 miles round trip
3	Means 2010, 02 41 19.19 0020, dump charges, typical urban city, tipping fees only, bldg construction mtl's
4	Rental Rate Blue Book 2nd Half 2009, Cat 980H, 7.5 CY \$130/hr+\$53.70/hr, & Means 2010 Eqmd \$64.30, loading trucks only = \$245.50
5	Means 2010 & Blue Book 2nd Half 2009+ 10%, Cat Dozer, mtl 2550 lb/CY, 50 ft push, 2 ft depth
6	Means 2010 31 23 23.20 5200: earthwork, hauling excavated or borrow, loose cy, no loading incl., off highway hauler, 22 CY, 2 mile round trip, 3.3 loads/hr
7	Means 2009 & Blue Book 2nd Half 2007, Cat 950H FE loader, 3.25 CY bucket
8	DOGM general estimate - manure \$19/ton delivered, \$16 ton/acre spreading
9	DOGM general estimate - broadcast seeding
10	Means 2010 & Blue Book 2nd Half 2009: Cat 345C L Excavator, 2.5CY bucket, 75% efficiency, 20 ft wide road, used avg 1.0 CY/LF
11	Means 2010 & Blue Book 2nd Half 2009: Cat 345C L Excavator, 2.5CY bucket, 75% efficiency, 20 ft wide road, used avg 1.0 CY/LF
12	Means 2010 & Blue Book 2nd Half 2009, Cat Dozer - size specified
13	Means 2010 & Blue Book 2nd Half 2009, Cat Dozer, multi shank rippers, speed 1.0 mph
14	Means reference 32 91 13.23 3550
15	DOGM general estimate - site cleanup & trash removal
15	DOGM general estimate - site cleanup & trash removal
17	BLM requirement for bonds in excess of \$100,000.